

Message Text

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INFO OCT-01 ISO-00 COME-00 EB-11 SSO-00 NSCE-00 USIE-00

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TO USMISSION NATO IMMEDIATE

C O N F I D E N T I A L STATE 029095

E.O. 11652: GDS

TAGS: PFOR, MCAP, EFIN, NATO

SUBJECT: BURDENSARING: DEFINITIONS OF CREDITABLE

RECEIPTS AND DETAILS OF U.S. MILITARY

EXPENDITURES

REFS: A. USNATO 758

B. USNATO 546

C. USNATO 668

D. USNATO 467

1. AS REQUESTED REF A, YOU CAN CONFIRM THAT DEFINITIONS
PROVIDED TO LAULAN ON "BALANCE OF MILITARY TRANSACTIONS
WITH NATO EUROPE COUNTRIES" CONSTITUTES AGREED US POSITION,
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BUT THAT ADDITIONS TO LIST ARE NOT PRECLUDED. ECONAD

GOODSPEED ALSO HAS COPY OF ABOVE CITED PAPER.

2. IN DISCUSSIONS FEBRUARY 8 WITH LAULAN, WE POINTED OUT THAT FOR PRACTICAL PURPOSES HE COULD IGNORE ALL ITEMS RELATING TO CANADA, AS US EXPENDITURES IN CANADA HAVE NOT BEEN INCLUDED BY DOD IN DOLS. 2.451 BILLION GROSS EXPENDITURE FIGURE FOR PURPOSES OF JACKSON-NUNN. FYI. IN RESPONSE TO QUESTION, WE ALSO TOLD LAULAN THAT ALTHOUGH COMMERCE, IN DEVELOPING THE NET DEFICIT, WILL NOT COUNT EUROPEAN PROCUREMENT UNRELATED TO NATO, SUCH

AS FOR FOREIGN STRATEGIC FORCES (ITEM 3 IN DEFINITIONS PAPER), NSC WORKING GROUP WOULD PROBABLY BE INCLINED TO RECOMMEND THAT SUCH SALES BE INCLUDED IN LIST OF SUPPLEMENTARY OFFSET ITEMS TO BE SUBMITTED BY PRESIDENT IN ADDITION TO COMMERCE LIST OF APPROVED BOP TRANSACTIONS. WE WOULD PREFER THAT MISSION NOT REFER TO THIS POINT UNLESS IT BECOMES ISSUE IN DISCUSSION, AS WE DO NOT WISH TO PROVOKE QUESTIONS ON WHAT MIGHT BE INCLUDED AS SUPPLEMENTARY OFFSET ITEMS. END FYI.

3. IN DISCUSSING DOD ESTIMATE OF DOLS. 2.12 BILLION IN EXPENDITURES TO BE OFFSET FOR JACKSON-NUNN, WE TOLD LAULAN THAT ESTIMATED GROSS FIGURE IS DOLS. 2.451 BILLION LESS DOLS. 220 FOR STRATEGIC AND OTHER NON-NATO RELATED COSTS AND DOLS. 110 MILLION FOR US PURCHASES OF MAJOR MILITARY EQUIPMENT NOT RELATED TO US NATO COMMITMENTS (HARRIER). NET FIGURE IS THUS DOLS. 2.121 BILLION.

4. WE ALSO TOLD LAULAN THAT ALL RECEIPTS IN BELGIAN CASE STUDY COULD BE INCLUDED IN COMMERCE LIST OF RECEIPTS, PROVIDED THAT MILITARY END USE CAN BE ESTABLISHED. IN ADDITION, WE TOLD LAULAN THAT CONSIDERATION WOULD BE GIVEN ON CASE BY CASE BASIS FOR INCLUSION OF ITEMS CONTAINED IN ACDA LIST OF ITEMS OF POTENTIAL MILITARY USE. CRITERIA TO BE APPLIED IN CONSIDERING SUCH ITEMS ARE WHETHER CONSIGNEE IS READILY IDENTIFIED AS A FOREIGN MILITARY, INTERNAL SECURITY, OR MILITARY RELATED ATOMIC ENERGY AGENCY, AND ITEMS ARE FOR MILITARY PURPOSES. COPY OF THIS LIST WAS GIVEN TO ECONAD GOOD-CONFIDENTIAL

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SPEED AS WELL AS LAULAN.

5. OUR DISCUSSION WITH LAULAN WAS VERY USEFUL. WE EXPECT HIM TO INCORPORATE THE RESULTS IN APPROPRIATE DIRECTIVES TO NATO NATIONS TO PERMIT THEM TO IDENTIFY MORE EXPLICITLY THEIR OFFSET CONTRIBUTIONS.

6. MISSION MAY DRAW UPON PARAS. 1-5 ABOVE, EXCEPT FOR

FYI PORTION, IN FEBRUARY 13 NAC. OTHER ASPECTS OF
DISCUSSIONS WITH LAULAN FOLLOW SEPTTEL. KISSINGER

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